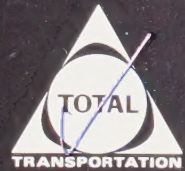


AR25

# 1973 ANNUAL REPORT



FRUEHAUF TRAILER COMPANY OF CANADA LIMITED



## ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of the Fruehauf Trailer Company of Canada Limited will be held on Friday, April 19, 1974, at 2.30 p.m. (Toronto time) in the Board Room of National Trust Company Limited, 3rd floor, 21 King Street East, Toronto, Ontario.

Proxies will be solicited from Shareholders when the Notice of Annual Meeting and Proxy Statements are mailed on or about March 28, 1974.

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## FRUEHAUF TRAILER COMPANY OF CANADA LIMITED ANNUAL REPORT 1973



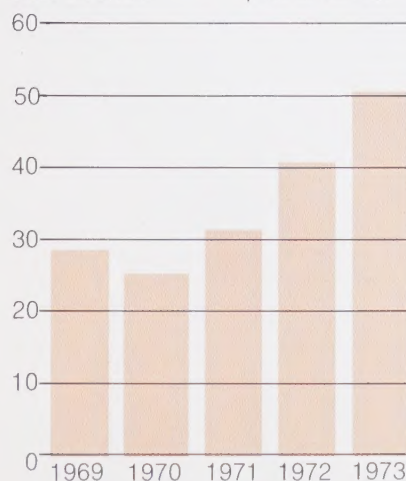
**Aluminum Dump Trailer—**  
fully welded, lightweight  
aluminum providing maximum  
pay load for today's hauling  
requirements.

Head Office:  
Fruehauf Trailer Company of Canada Limited  
2450 Stanfield Road  
Mississauga, Ontario L4Y 1S3

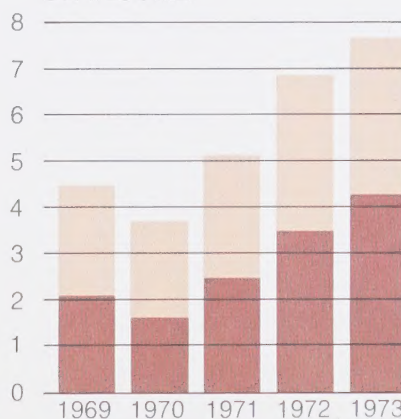
# FINANCIAL AND STATISTICAL HIGHLIGHTS

	<u>1973</u>	<u>1972</u>
Net Sales .....	<b>\$51,031,753</b>	\$40,609,738
Earnings before Taxes on Income .....	<b>7,687,493</b>	6,946,136
Earnings: Per cent to Sales .....	<b>15.1</b>	17.1
Net Earnings .....	<b>4,260,493</b>	3,597,136
Net Earnings: Per cent to Sales .....	<b>8.3</b>	8.9
Net Earnings per Share .....	<b>1.57</b>	1.33
Dividends per Share .....	<b>.40</b>	.33
		.20
Net Assets (Book Value) per Share .....	<b>9.75</b>	8.58
Total Assets .....	<b>41,022,816</b>	35,063,723
Working Capital .....	<b>19,713,525</b>	18,625,830
Number of Shareholders .....	<b>394</b>	331
Number of Employees .....	<b>1,145</b>	1001

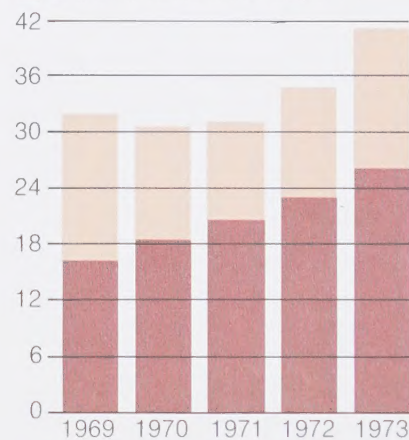
NET SALES \$ MILLIONS



NET EARNINGS \$ MILLIONS  
EARNINGS BEFORE TAXES ON INCOME



TOTAL ASSETS \$ MILLIONS  
SHAREHOLDERS' EQUITY





# REPORT ON OPERATIONS—1973

## To Our Shareholders:

In 1973 Fruehauf Canada recorded another outstanding year in both Sales and Earnings. Total Sales of all products reached a record level of \$51,031,753 representing a 26% increase over the previous record level of \$40,609,738 attained in 1972. Net earnings for the year were \$4,260,493, an increase of 18% over record earnings of \$3,597,136 achieved in the prior year. Current earnings of \$1.57 per share compare to \$1.33 per share in 1972. In addition, your company has continued to strengthen its position in the market place, as our order backlog expanded progressively throughout the year; our high productivity level has offset in large part the inflationary trends in the economy.

On March 29, 1973, a dividend of 20 cents per share was paid which was our second dividend relating to our outstanding year in 1972, a 20 cents per share dividend having been paid earlier on September 8, 1972. On September 19, 1973, an interim dividend of 20 cents per share was paid, based on the first six months results of the current year. On February 26, a second dividend of 20 cents has been declared relating to 1973, this dividend is payable March 29, to holders of record March 6, 1974. This is the tenth consecutive year in which your company has declared and paid dividends.

## Revenue Producing Investments

During the year we increased our investment in both financing and leasing operations. Investment in leased equipment increased 27% from \$3,696,762 in 1972 to \$4,694,717 in 1973. Installment contracts outstanding decreased gradually throughout the first three quarters of the year but in the fourth quarter there was a sharp increase in the portion of our business that we financed, so that at year end contracts outstanding stood at \$14,404,473, 10% above the year earlier level. As a consequence of this irregular pattern, finance revenue for the period of \$1,464,868 was down 13% from the earlier year despite the increase in outstandings at year end. It is our intention to expand these revenue producing activities and we feel confident of continued growth over the long term.

## Capital Expenditures and Depreciation

Expenditures on capital equipment exceeded \$1 million during the current year. This amount represented an increase of 56% over the prior year as expansion of our facilities at Dixie, Calgary and Winnipeg were completed. Improvement of our Toronto Branch facility was also commenced and completed in 1973. We anticipate that these investments will enable us to improve our sales and earnings growth in the years to come.

Depreciation of plant and equipment totalled \$382,910 compared to \$346,739 in 1972. We have continued to follow a practice of depreciating our equipment on a straight-line basis over its useful life in the various asset categories. Depreciation of equipment leased to customers increased to \$1,323,637 from \$1,115,512 in 1972. This equipment is also depreciated on a straight-line basis to its residual value at the end of each lease contract. Upon termination of the leases, the equipment is sold by our used equipment marketing operation as a separate source of revenue and profit.

## Financial Position

The substantial increase in sales and produc-

tion volume created an additional demand for operating funds in 1973. Your company has entered the commercial paper market and is now regularly issuing its own short term promissory notes covering borrowings of terms up to one year. This source of funds will provide improved flexibility in obtaining adequate funds for our operating requirements.

Our higher level of sales has resulted in increases in both accounts receivable and inventories during 1973. Our accounts receivable reached a level of \$8,292,631 compared to \$6,374,728 a year earlier. Inventories of \$8,399,089 compare to \$7,327,864 at the previous year end. Despite this increase, inventory turnover has improved considerably as a result of our extremely high production level, and this improvement has greatly benefitted our cash position.

## Accounting Principles

In this year's financial statements we have included a new section under the heading "Summary of Accounting Principles". Fruehauf Canada has over the years been a leader in financial statement presentation and disclosure. We have added this information in an attempt to provide our stockholders with an even better understanding of our financial statements. These accounting principles have been applied consistently throughout all years reported upon.

## Products and Facilities

As indicated previously under Capital Expenditures, your company has completed expansion of facilities at four locations during 1973. With the continuing increases in sales volume, we are currently developing improvements to and enlargements of our manufacturing facilities to permit even higher production levels. Both the Dixie manufacturing plant and the Calgary location will be improved in the expansion program now in final planning stages. At the same time,

your company is considering the expansion of facilities for customer service repairs at three locations. These programs currently under development will require funds of approximately \$2½ million which can readily be provided without any additional long term borrowing commitments. All of the undertakings will be substantially completed during the coming year. The expansion of facilities recently completed together with the proposed expansion program is tangible evidence of action financed in part from benefits accruing from the Canadian Government's tax incentives to manufacturing operations which were designed to motivate such expansion and increase employment.

A major cross section of the trailer and truck body models produced by Fruehauf Canada is shown in the report. Our van trailer, including both the beaded panel and the exposed post model, represents the largest portion of our trailer production. The Fruehauf van offers maximum cube capacity for low cost hauling with flexibility to cover a multitude of dry freight, refrigerated or insulated cargoes. The van trailer also includes many special models from livestock and warehouse vans to city delivery and short train units which run in tandem combinations.

Our platform trailer, shown on page two is the workhorse of the trucking industry, designed to handle heavy or bulky construction materials and machinery. This model is also available with side racks and cover tarpaulin. For the specialized movement of roadmaking and heavy construction machinery we produce carryall or float trailers in many capacities. A carryall unit entering the Vancouver area is shown on page three.

For bulk load requirements, we produce a fully welded aluminum dump trailer designed to carry sand, gravel, asphalt, and numerous rock and mineral aggregates. Bulk transportation—an important service in today's economy—is fully covered by our wide range of



Platform Trailer—workhorse of the trucking industry for heavy and bulky construction materials. Also available with racks and tarpaulin to cover loads.



bulk product tanks which handle oils, chemicals and special fluids as well as dry flowable bulk products such as flour and cement. We produce tank trailers with steel, aluminum and stainless steel shells, each suited for its particular product haul. At Fruehauf, trailers are engineered for all of Canada's transportation needs.

The manufacture of our trailers is performed at three locations in Canada. At our Dixie manufacturing plant we produce vans, platforms and dumps, as well as all of the many tank varieties. At our Calgary location we manufacture platforms, a complete range of carryalls, plus special bulk movement equipment such as grain haul units and bottom unloading dumps. In Montreal we manufacture a wide range of carryall units for the eastern market. The truck body seen on page eleven is manufactured in kit form at our Dixie plant and then shipped to sales branches for assembly directly on a customer's truck chassis. During final assembly at our branch locations, these bodies can be customized to dry, insulated or refrigerated bodies suitable for short distance movements of specified goods.

Across Canada we have eight factory service branches located in strategic transportation centers. All of our locations are equipped to handle any type of repair or overhaul from day to day maintenance to complete trailer rebuilding. To service our customers' needs efficiently we are constantly improving equipment and facilities at our branch operations. In the outlying areas as well as in the Maritimes we maintain dealers and distributors to handle our customer requirements. Fruehauf service is available from Coast to Coast in Canada and with our affiliation with Fruehauf Corporation (U.S.), virtually from Panama to the Arctic.

#### Industry and Outlook

The 1973 year was one of record production in the trailer industry and additional improvement and expansion of your company's facilities is being undertaken to support the present record order backlog. In view of our current backlog which at present production rates extends into the third quarter for some models, and with the economy maintaining a continuing growth pattern, the current year should again set sales records. To offset the inflationary pressures that are being experienced, we have strengthened our cost and expense control procedures. We feel confident that we can look forward with enthusiasm to a most profitable 1974.

The devotion and untiring effort and skills of all Fruehauf people have made our past achievements possible; their continued dedication and loyalty is our strength for the future. Your directors take this opportunity to express our appreciation to our customers and shareholders for the confidence they have shown in our activities and products.

On Behalf of the Board

*W.E. Grace*

W.E. Grace, President

*D.A. Grinstead*

D.A. Grinstead, Vice President

March 18, 1974



**Carryall**—for specialized heavy equipment covering payloads ranging from 20 to 100 tons.

**Model "F" Exposed Post Van**—lightweight prepainted aluminum panels—designed for maximum inside cube, a dry freight van offering low cost transportation for varying lengths and heights and in both 96" and 102" widths.





Chemical Tank—specialized liquid  
product transportation—available  
in steel or stainless steel to suit  
product commodity.



**TOUCHE ROSS & CO.**

SUN LIFE BUILDING  
200 UNIVERSITY AVENUE  
TORONTO, ONTARIO M5H 3C9

#### AUDITORS' REPORT

The Shareholders,  
Fruehauf Trailer Company of  
Canada Limited.

We have examined the balance sheet of Fruehauf Trailer Company of Canada Limited as at December 31, 1973 and the statements of net earnings, earnings retained for use in the business and working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1973 and the results of its operations and the changes in its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,  
February 7, 1974.

*Touche Ross & Co.*  
Chartered Accountants.



# STATEMENT OF NET EARNINGS

YEARS ENDED DECEMBER 31, 1973  
AND DECEMBER 31, 1972

	<u>1973</u>	<u>1972</u>
<b>REVENUES</b>		
Net sales .....	\$51,031,753	\$40,609,738
Finance revenue .....	1,464,868	1,684,879
	<u>52,496,621</u>	<u>42,294,617</u>
 <b>COST AND EXPENSES</b>		
Cost of products and service sold, other than items below .....	39,338,356	30,896,381
Selling and administrative expenses .....	2,882,982	2,328,839
Depreciation .....	1,706,547	1,462,251
Taxes other than taxes on income .....	535,537	431,057
Interest (including \$121,656 in 1973 and \$134,686 in 1972 on long-term debt) .....	345,706	229,953
	<u>44,809,128</u>	<u>35,348,481</u>
 <b>EARNINGS BEFORE TAXES ON INCOME</b> .....	<u>7,687,493</u>	<u>6,946,136</u>
Taxes on income		
Current .....	2,945,000	3,365,100
Deferred (credit*) .....	482,000	16,100*
	<u>3,427,000</u>	<u>3,349,000</u>
 <b>NET EARNINGS</b> .....	<u>\$ 4,260,493</u>	<u>\$ 3,597,136</u>
 <b>NET EARNINGS PER SHARE</b> .....	<u>\$1.57</u>	<u>\$1.33</u>

**BALANCE SHEETS**  
**FRUEHAUF TRAILER COMPANY OF CANADA LIMITED**  
(Incorporated under the Canada Corporations Act)

**ASSETS**

	<b>December 31 1973</b>	<b>December 31 1972</b>
<b>CURRENT ASSETS</b>		
Cash .....	\$ 296, 168	\$ 458,723
Trade receivables		
Installment contracts (Note 1) .....	14,404,473	13,001,551
Accounts receivable .....	8,292,631	6,374,728
	<u>22,697,104</u>	<u>19,376,279</u>
Inventories (Note 2) .....	8,399,089	7,327,864
Prepaid expenses .....	105,760	106,350
<b>TOTAL CURRENT ASSETS</b> .....	<u>31,498,121</u>	<u>27,269,216</u>
<b>EQUIPMENT LEASED TO CUSTOMERS (Note 3)</b> .....	<u>4,694,717</u>	<u>3,696,762</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land .....	478,671	478,671
Buildings and equipment .....	4,408,330	3,827,796
Machinery and other equipment .....	3,849,543	3,383,002
	<u>8,736,544</u>	<u>7,689,469</u>
Less accumulated depreciation .....	3,906,566	3,591,724
	<u>4,829,978</u>	<u>4,097,745</u>
 On behalf of the Board W.T. MCDOUGALL, Director R.D. ROWAN, Director		
 <b>TOTAL ASSETS</b>	 <u><u>\$41,022,816</u></u>	 <u><u>\$35,063,723</u></u>



## LIABILITIES AND SHAREHOLDERS' INVESTMENT

### CURRENT LIABILITIES

#### Notes payable

Bank loans—secured .....	\$ 2,060,000	\$ 2,200,000
Short-term promissory notes .....	2,300,000	—
	<u>4,360,000</u>	<u>2,200,000</u>

#### Accounts payable and accrued liabilities .....

4,473,125      3,746,557

#### Taxes on income (including deferred of \$1,535,800 in 1973 and \$1,243,500 in 1972) .....

1,700,120      1,982,336

#### Due to Fruehauf Corporation .....

1,120,351      569,493

#### Sinking fund payment due within one year .....

131,000      145,000

#### TOTAL CURRENT LIABILITIES .....

11,784,596      8,643,386

### OTHER LIABILITIES

#### Deferred taxes on income .....

987,700      798,000

#### 5% Note to Fruehauf Corporation .....

900,000      1,300,000

#### 5¼% Sinking Fund Debentures (Note 4) .....

950,000      1,100,000

2,837,700      3,198,000

### SHAREHOLDERS' INVESTMENT

#### Capital stock

##### Authorized 6,000,000 shares

##### Issued and outstanding 2,705,775 shares .....

5,149,063      5,149,063

#### Earnings retained for use in the business .....

21,251,457      18,073,274

26,400,520      23,222,337

### COMMITMENTS AND CONTINGENT LIABILITIES

(Notes 5 and 6)

#### TOTAL LIABILITIES AND SHAREHOLDERS' INVESTMENT .....

\$41,022,816      \$35,063,723



# STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

YEARS ENDED DECEMBER 31, 1973  
AND DECEMBER 31, 1972

	<u>1973</u>	<u>1972</u>
Balance at beginning of year .....	\$18,073,274	\$15,919,218
Net earnings for the year .....	4,260,493	3,597,136
	<u>22,333,767</u>	<u>19,516,354</u>
Cash dividends paid .....	1,082,310	1,443,080
Balance at end of year .....	<u>\$21,251,457</u>	<u>\$18,073,274</u>

# STATEMENT OF WORKING CAPITAL

YEARS ENDED DECEMBER 31, 1973  
AND DECEMBER 31, 1972

	<u>1973</u>	<u>1972</u>
<b>SOURCE OF WORKING CAPITAL</b>		
<b>OPERATIONS</b>		
Net earnings for the year .....	\$ 4,260,493	\$ 3,597,136
Depreciation of equipment leased to customers .....	1,323,637	1,115,512
Depreciation of plant and equipment .....	382,910	346,739
Increase in deferred taxes on income included in other liabilities .....	189,700	38,200
<b>TOTAL FROM OPERATIONS</b> .....	<u>6,156,740</u>	<u>5,097,587</u>
<b>OTHER</b>		
Retirement of equipment leased to customers .....	168,420	130,631
Disposal of plant and equipment—at net book value .....	6,145	2,540
	<u>6,331,305</u>	<u>5,230,758</u>
<b>APPLICATION OF WORKING CAPITAL</b>		
Cash dividends .....	1,082,310	1,443,080
Additions to equipment leased to customers .....	2,490,012	1,532,537
Additions to plant and equipment .....	1,121,288	718,624
Decrease in long-term debt .....	550,000	250,000
	<u>5,243,610</u>	<u>3,944,241</u>
<b>NET INCREASE IN WORKING CAPITAL FOR YEAR</b> .....	<u>1,087,695</u>	<u>1,286,517</u>
<b>WORKING CAPITAL AT BEGINNING OF YEAR</b> .....	<u>18,625,830</u>	<u>17,339,313</u>
<b>WORKING CAPITAL AT END OF YEAR</b> .....	<u>\$19,713,525</u>	<u>\$18,625,830</u>



# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1973

## SUMMARY OF ACCOUNTING PRINCIPLES

The significant accounting principles used by the Company are described below. These accounting principles have been applied on a basis consistent with that of the preceding year.

## INVENTORIES

Inventory amounts are based upon physical determinations during the year and have been stated at the lower of cost or market prices. Cost prices are determined by the first-in, first-out method, and market prices represent the lower of replacement cost or estimated net realizable amount.

## EQUIPMENT LEASED TO CUSTOMERS

Lease rental payments are recognized as income over the period of the lease and the equipment is depreciated on a straight-line basis to a projected lease terminal value.

## PROPERTY, PLANT AND EQUIPMENT

The Company records property, plant and equipment at cost. Depreciation is provided on a straight-line basis over the life expectancy of the asset, while employing accelerated depreciation for income tax purposes. Maintenance and repairs are charged against earnings as incurred.

## NOTE 1—INSTALLMENT CONTRACTS

Installment contracts at December 31, 1973, and December 31, 1972, are stated after deduction of deferred finance charges of \$2,611,000 and \$2,102,000 respectively, and include installments of approximately \$10,651,000 and \$9,590,000 respectively, which are due after one year.

## NOTE 2—INVENTORIES

Detail of inventories is as follows:

	December 31	
	1973	1972
New trailers	\$ 602,502	\$1,310,814
Production parts, work in process and raw materials	4,955,702	2,719,834
Service parts and orders in process	2,237,172	1,829,730
Used trailers	603,713	1,467,486
	<u>\$8,399,089</u>	<u>\$7,327,864</u>

## NOTE 3—EQUIPMENT LEASED TO CUSTOMERS

Equipment leased to customers is stated at cost less accumulated depreciation of \$3,186,671 and \$2,862,444 at December 31, 1973 and 1972 respectively.

## NOTE 4—5¼% SINKING FUND DEBENTURES

The 5¼% Sinking Fund Debentures, Series "A" are due

## TAXES ON INCOME

The financial statements include appropriate provision for taxes on income for all taxable items included in net earnings regardless of the period when such taxes are payable. Profit from sales financed by installment contracts is recognized for financial reporting purposes in the year of sale; such profit is recognized for tax purposes as payments are received under the contracts. Since the installment contracts which give rise to the tax differences are current assets the related deferred tax is shown as a current liability, although it may not be payable within one year. Non current deferred income taxes result from the company claiming a greater amount of depreciation for tax purposes than is charged to income in the financial statements.

## PENSIONS

The Company has noncontributory pension plans covering substantially all employees. Current service costs of pension benefits are accrued and funded on a current basis. Past service costs are amortized and funded over periods not exceeding thirty years.

## EARNINGS PER SHARE

Earnings per share are calculated on the basis of the average number of shares outstanding during the year.

November 1, 1976. The last sinking fund payment is due in 1975. Redemption price to November 1, 1974 is 100.75%, thereafter to November 1, 1975 is 100.50% and thereafter to maturity is 100%.

## NOTE 5—LONG-TERM LEASES

The Company is lessee under long-term leases for sales and service branches. The annual rental on such properties will approximate \$170,000 in 1974, exclusive of taxes, insurance, maintenance and repairs, which are also payable by the Company. The Company has the right to purchase three of these properties and if these rights were exercised at December 31, 1973 the aggregate purchase price would amount to approximately \$685,000.

## NOTE 6—PENSIONS

Total pension expense charged to operations was \$229,507 in 1973 and \$178,728 in 1972. Unfunded past service costs of pension plans covering certain employees amount to approximately \$757,179 at December 31, 1973 and \$435,035 at December 31, 1972. The actuarially computed value of unfunded vested benefits was \$380,000 at December 31, 1973 and \$170,500 at December 31, 1972.

## NOTE 7—DIRECTORS AND OFFICERS

Aggregate remuneration of the seven directors, as directors, amounted to \$1,200 in 1973 and 1972 and for the seven officers amounted to \$109,000 in 1973 and \$101,000 in 1972. Five officers are also directors.



Model "F" Beaded Panel Van—lightweight preprinted aluminum panels. A versatile unit in varying length and height combinations in both 96" and 102" widths for economical dry freight, insulated, or refrigerated cargoes.



# STATISTICAL SUMMARY OF OPERATIONS

	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>
<b>INCOME DATA</b>				
Sales .....	\$51,031,753	40,609,738	31,789,041	25,643,625
Finance Revenue .....	1,464,868	1,684,879	1,732,102	1,700,034
Cost of Products and Service Sold .....	39,338,356	30,896,381	23,963,131	19,319,712
Per cent to Sales .....	77.0	76.1	75.3	75.3
Selling and Administrative Expenses ....	\$ 2,882,982	2,328,839	2,217,022	1,954,724
Per cent to Sales .....	5.6	5.7	7.1	7.6
Depreciation—Equipment Leased to Customers .....	\$ 1,323,637	1,115,512	1,134,202	1,126,380
—Plant and Equipment...	382,910	346,739	374,414	349,711
Earnings before Taxes on Income .....	7,687,493	6,946,136	5,145,776	3,682,607
Per cent to Sales .....	15.1	17.1	16.2	14.4
Net Earnings .....	\$ 4,260,493	3,597,136	2,501,776	1,709,607
Per cent to Sales .....	8.3	8.9	7.9	6.7
Per Share Outstanding .....	\$ 1.57	1.33	.92	.63
<b>CAPITAL INVESTMENT IN YEAR</b>				
Equipment Leased to Customers .....	\$ 2,490,012	1,532,537	1,537,623	1,779,590
Property, Plant and Equipment .....	1,121,288	718,624	241,156	194,956
<b>FINANCIAL POSITION YEAR-END</b>				
Total Assets .....	\$41,022,816	35,063,723	30,784,211	30,582,683
Working Capital .....	19,713,525	18,625,830	17,339,313	14,971,346
Current Ratio .....	2.7 to 1	3.1 to 1	3.7 to 1	2.8 to 1
Installment Contracts Receivable .....	\$14,404,473	13,001,551	13,025,951	14,423,000
Equipment Leased to Customers—Net ..	4,694,717	3,696,762	3,410,368	3,588,896
Property, Plant and Equipment—Net ....	4,829,978	4,097,745	3,728,400	3,869,507
Shareholders' Equity .....	26,400,520	23,222,337	21,068,281	18,626,449
Book Value per Share .....	9.78	8.58	7.79	6.88
<b>EMPLOYMENT</b>				
Number of Employees at Year-end .....	1145	1001	841	653
<b>SHAREHOLDERS</b>				
Number of Shareholders .....	394	331	296	327
Dividend per Share (*Incls. 20 interim 1972) ....	\$ .40	.53*	.25	.25



Truck Body—lightweight aluminum  
prepainted panels—assembled directly  
to customer's truck from prefab kits—  
available in many combinations of  
lengths, heights and in two widths.



<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
28,967,895	21,367,992	22,952,426	22,911,688	19,348,156	14,867,023
1,457,509	1,105,839	919,850	775,477	632,095	654,197
21,734,756	16,652,542	17,354,237	17,088,892	15,050,404	11,951,467
75.0	77.9	75.6	74.6	77.8	80.4
2,072,844	1,764,335	1,729,576	1,697,042	1,470,490	1,257,888
7.2	8.2	7.5	7.4	7.6	8.5
977,428	759,930	564,313	457,234	295,384	158,510
332,633	343,490	305,781	286,138	277,729	261,493
4,485,393	2,280,782	3,348,376	3,595,031	2,467,028	1,571,488
15.5	10.7	14.6	15.7	12.8	10.6
2,129,393	1,081,782	1,570,376	1,670,031	1,182,028	804,488
7.4	5.1	6.8	7.3	6.1	5.4
.79	.40	.58	.62	.44	.30
1,539,963	1,450,251	759,006	1,023,144	891,274	248,748
384,599	460,929	797,337	413,878	433,130	175,741
32,168,250	26,926,953	23,619,559	24,192,856	19,511,355	17,754,007
13,650,970	12,279,152	12,358,891	12,487,399	11,551,133	11,558,429
2.2 to 1	2.5 to 1	3.4 to 1	3.0 to 1	4.6 to 1	6.3 to 1
14,102,500	11,967,900	10,001,350	9,007,303	7,045,080	5,449,427
2,989,117	2,496,318	1,848,143	1,687,672	1,155,984	585,318
4,034,112	4,079,448	3,975,530	3,495,960	3,374,570	3,226,242
16,976,786	14,907,337	13,885,499	12,375,067	10,719,973	9,576,945
6.27	5.51	5.13	4.57	3.97	3.54
826	792	846	853	781	589
349	371	391	347	357	355
.25	.25	.25	.17	.17	—



# REVENUE DOLLAR DISTRIBUTION\*



- Materials ..... For raw materials, component parts, accessories and trade-in units for resale
- Employees ..... For wages, salaries and benefits
- Expenses ..... For operating and general expenses including depreciation and interest expense
- Government ..... For federal and provincial taxes on income
- Shareholders ..... Net earnings after taxes available for dividends and reinvestment for future growth

\*Revenues include sales plus finance revenues earned in each of the periods.







## DIRECTORS

W.E. Grace  
President of the Company and Chairman of the Board and Chief Executive Officer, Fruehauf Corporation, Detroit, Michigan

D.A. Grinstead  
Vice President of the Company, Toronto, Ontario

W.T. McDougall  
Vice President-Finance of the Company, Toronto, Ontario

T.J. Reghanti  
Vice President and General Manager, Fruehauf Division, Fruehauf Corporation, Detroit, Michigan

R.D. Rowan  
Vice President of the Company and President and Chief Operating Officer, Fruehauf Corporation, Detroit, Michigan

D.A. De Wahl  
Secretary of the Company and Vice President, General Counsel and Secretary, Fruehauf Corporation, Detroit, Michigan

R.J. Telford  
Retired: former Vice President of the Company, Toronto, Ontario

## OFFICERS

W.E. Grace, President  
D.A. Grinstead, Vice President  
R.D. Rowan, Vice President  
W.T. McDougall, Vice President-Finance  
D.A. De Wahl, Secretary  
A. Purdon, Assistant Secretary  
B.A. West, Assistant Controller

TRANSFER AGENT AND REGISTRAR  
National Trust Company Limited  
Toronto and Montreal

SOLICITORS  
Borden & Elliot  
Toronto, Ontario

AUDITORS  
Touche Ross & Co.  
Toronto, Ontario





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***FRUEHAUF***



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***FRUEHAUF***



## INTERIM REPORT

FRUEHAUF TRAILER COMPANY OF CANADA LIMITED  
P.O. BOX 20 MISSISSAUGA (DIXIE) ONTARIO

SIX MONTHS ENDED  
JUNE 30, 1973



## TO OUR SHAREHOLDERS

We are pleased to report that both sales and earnings for the half year ended June 30, 1973 established new records for any six month period. At the same time the second quarter set a sales record for any three month period, and earnings of the quarter were only exceeded by the three months of the fourth quarter 1972.

Sales for the first half of 1973 were \$24,613,326, up 18% from \$20,777,939 in the first six months of the previous year. Sales for the second quarter of the current year were \$12,829,063, 9% above the first quarter of the current year and an increase of 13% over the similar period last year.

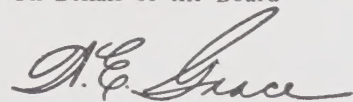
Net earnings for the half year at \$1,897,682, equal to 70 cents per share, are an increase of 7% over the \$1,778,153, 66 cents per share in the comparable period of 1972. Per share earnings of the previous year are restated for the 3 for 1 stock split on September 30, 1972. Net earnings in the second quarter were \$1,050,587 or 39 cents per share, up 24% from \$847,095 or 31 cents per share in the first three months of 1973. The current quarter net earnings, 39 cents per share, are also an increase of 7% over the restated 36 cents per share earnings in the same period of the prior year.

Earnings in the current quarter benefit from a reduced rate of income tax applicable to "manufacturing and processing" earnings retroactive to January 1, 1973. The tax decrease recognizes parliamentary approval in the month of June of the original tax reduction proposals of the Government's 1972 Budget. In furtherance of the objectives of the Government's proposals our Company undertook expansion of the manufacturing facilities at both Dixie and Calgary locations approximately one year ago. Building construction is now completed and in productive use at each of these locations.

As we indicated in our first quarter report, we commenced 1973 with an order backlog surpassing any previous level. A high level of order input has been maintained throughout the entire year and has enabled our manufacturing plants to operate at consistent high rates of production, with beneficial effect on operations. We expect the balance of 1973 to maintain a strong production level although the third quarter, which includes the annual two week vacation shutdown period, will follow the normal seasonal trend reflecting a slight decline through the summer months.

During the month of June we sustained a one week operating disruption at two locations. However labour negotiations at the Dixie manufacturing plant and the main Toronto branch have now concluded in three year contract agreements. These contract settlements and the present backlog of orders for production should produce another record year for Fruehauf in 1973.

On Behalf of the Board



W. E. Grace — President



D. A. Grinstead — Vice President

## FRUEHAUF TRAILER COMPANY OF CANADA LIMITED

### INTERIM SIX MONTH REPORT

#### STATEMENT OF NET EARNINGS (CONDENSED)

	Six Months Ended June 30	
	1973	1972
REVENUES		
Sales	\$ 24,613,326	\$ 20,777,939
Finance Revenue	679,114	872,193
	<u>\$ 25,292,440</u>	<u>\$ 21,650,132</u>
EARNINGS BEFORE TAXES ON INCOME	\$ 3,358,682	\$ 3,487,153
Taxes on Income	1,461,000	1,709,000
NET EARNINGS	<u>\$ 1,897,682</u>	<u>\$ 1,778,153</u>
Net Earnings per Share	\$ .70	\$ .66

#### STATEMENT OF WORKING CAPITAL

	Six Months Ended June 30	
	1973	1972
SOURCES OF WORKING CAPITAL		
OPERATIONS		
Net earnings for the period	\$ 1,897,682	\$ 1,778,153
Depreciation of equipment leased to customers	644,110	532,323
Depreciation of plant and equipment	242,054	213,862
	<u>\$ 2,783,846</u>	<u>\$ 2,524,338</u>
OTHER		
Retirement of equipment leased to customers	\$ 58,260	\$ 63,290
Decrease in miscellaneous assets	2,251	2,249
Disposal of property plant and equipment at net book value	4,806	1,413
	<u>\$ 2,849,163</u>	<u>\$ 2,591,290</u>
APPLICATION OF WORKING CAPITAL		
Cash Dividend	\$ 541,155	\$ 901,925
Additions to property, plant and equipment	621,238	95,674
Additions to equipment leased to customers	1,639,125	674,629
Decrease in deferred taxes on income	—	4,000
Payment on 5% note due to Fruehauf Corporation	199,230	100,000
	<u>\$ 3,000,748</u>	<u>\$ 1,776,228</u>
NET DECREASE (INCREASE*) IN WORKING CAPITAL	\$ 151,585	\$ 815,062*
WORKING CAPITAL AT BEGINNING OF PERIOD	18,605,556	17,265,556
WORKING CAPITAL AT END OF PERIOD	<u>\$ 18,453,971</u>	<u>\$ 18,080,618</u>